

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

STARRED QUESTION NO:102
ANSWERED ON:01.08.2005
NATIONAL FARMERS WELFARE FUND
Nambadan Shri Lonappan

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government is aware of the increasing burden on farmers on account of accumulation of interest due to re-scheduling and postponement of loans in the wake of natural calamities and distress;
- (b) if so, the details of the steps taken by the Government to mitigate the distress of farmers;
- (c) whether the Government is considering to constitute a 'National Farmers Welfare Fund' to extend the relief and rehabilitation measures to the farmers;
- (d) if so, the details in this regard; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION(DR. AKHILESH PRASAD SINGH)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 102 DUE FOR REPLY ON 1ST AUGUST, 2005.

(a)&(b): Yes, Sir. Total interest payable by farmers will increase due to conversion/reschedulement of loans. However, to mitigate the distress of farmers, the banks have been advised to:

- (i) Grant fresh crop loans to the affected farmers.
 - (ii) The rates of interest on the converted loans should be the same as that charged on short-term loans.
 - (iii) Converted/rescheduled dues should be treated as current dues and banks should not compound interest in respect of the loans converted/rescheduled.
- (c): No such proposal is under consideration of the Government.
- (d): Does not arise.
- (e): Government has initiated several measures for providing relief and rehabilitation measures to the farmers in the wake of occurrence of natural calamities and distress. Banks have been advised to provide, inter-alia, following relief to the farmers:
- (i) Convert/restructure the loan (both principal as well as interest) due in the year of occurrence of natural calamity,
 - (ii) Rate of interest on the converted loans to be the same as that charged on short-term loans,
 - (iii) Not to compound interest in respect of the loans converted/rescheduled.
 - (iv) To grant a one-time settlement (OTS) including partial waiver of interest or loan to the small and marginal farmers who have been declared as defaulters and have become ineligible for fresh credit. Banks have also been advised to review cases where credit has been denied on the sole ground that a loan account was settled through compromise or write offs.

For compensating the production loss of farmers in the event of occurrence of natural calamities, the Government is operating National Agricultural Insurance Scheme (NAIS). In addition, assistance is also provided to the State Governments under National Calamity Contingency Fund (NCCF)/Calamity Relief Fund (CRF) for undertaking relief and rehabilitation measures for the farmers

affected by natural calamities.